

## Graham, Benita

---

**From:** wentworth, paul  
**Sent:** Tuesday, February 10, 2015 11:50 AM  
**To:** duke, gerallyn  
**Cc:** Vyas, Himanshu  
**Subject:** FW: PES Emission Reduction Credit Discussion  
**Attachments:** ERC Application August 9, 2012.pdf; ERC for 22BH.PDF; ERC review memo.pdf; Marcus Hook 23-00001 Title V issued June 20th 2013.pdf; PES Emissions Reduction Credits 2-9-15.xlsx

FYI - No response required at this time.

---

**From:** BARKSDALE JR, CHARLES D [mailto:CHARLES.BARKSDALE@pes-companies.com]  
**Sent:** Tuesday, February 10, 2015 11:24 AM  
**To:** Edward Wiener; Shankar, Sachin; wentworth, paul; campbell, dave  
**Cc:** MURPHY, PAULA; Andy Woerner (andrew.woerner@erm.com); Colin McGroarty  
**Subject:** FW: PES Emission Reduction Credit Discussion

Ed/Sachin/Paul/Dave,

As some of you know, under the Tier 3 Gasoline regulations, PES is required to make changes to reduce the quantity of sulfur in gasoline. PES is addressing this in several ways and as a result of the changes PES will have significant emission increases. As part of our permitting process, we plan to include the emissions reductions that occurred at the Sunoco Marcus Hook refinery during the period the Philadelphia Refinery and the Marcus Hook Refinery were aggregated.

PES and ERM, PES consultant preparing our plan approval application, believe it would be beneficial for representatives of AMS, EPA, PADEP and PES to meet to discuss our plans in more detail, particularly to assure we are all in agreement in the use of these Marcus Hook Refinery emission reductions. ERM and PES prepared a summary below that also references enclosed attachments that should be reviewed prior to our meeting. This will be especially beneficial to those of you that have not been as involved in PES' recent permit activities.

We are prepared to meet with our without attorneys but are very interested in meeting soon so we don't get delayed in our permit submittal. We have a lot of construction to complete and with a regulatory due date of January 1, 2017, we need to begin the permitting process so it is completed in enough time to allow us the time to complete the required construction.

Hopefully we can meet later this week or next week. We are available the following dates/times:

Thursday, February 12 – all day  
Friday, February 13 – all day  
Monday, February 16 – all day  
Tuesday, February 17 – all day  
Wednesday, February 18 – AM only  
Thursday, February 19 – AM and early PM only  
Friday, February 20 – all day

PADEP has offered to host the meeting but if other locations are preferable that would work as well.

Please let me know your availability and if you have any questions.

Thanks,  
Chuck

Chuck Barksdale  
Site Environmental Director  
Philadelphia Energy Solutions Refining and Marketing LLC  
215-339-2074 (office)  
610-299-6260 (cell)  
866-302-2146 (fax)

#### Marcus Hook Refinery Emission Reductions

On August 7, 2012, the Pennsylvania Department of Environmental Protection (PADEP) issued an administrative Title V permit amendment aggregating the Sunoco Marcus Hook Refinery and the Sunoco Philadelphia Refinery as a single source under the Clean Air Act, as regulated by the Prevention of Significant Deterioration (PSD) rules (adopted by reference) and Pennsylvania's Non-attainment New Source Review (NANSR) program. On that same date, the City of Philadelphia Air Management Service (AMS) issued an Administrative Order reaching the same conclusion, and directing Sunoco to submit an application to amend its pending Title V permit renewal application to so reflect. Sunoco subsequently complied with the AMS Administrative Order.

On August 15, 2012, following its decision to permanently cease crude refining operations at the Marcus Hook refinery, Sunoco, Inc. submitted an application to remove the crude refining sources from the Marcus Hook Title V permit and to register associated emissions reduction credits (ERCs).

On August 20, 2012, PADEP issued an administrative permit amendment removing the sources from the Marcus Hook Title V permit, as well as a memo recognizing ERCs to be included in the ERC Registry for both internal use and trading. Both the ERC application and review memo are attached. Note that these ERCs have an expiration date of December 31, 2021 in the current PADEP ERC Registry. Further, the use of a certain portion of the ERCs are governed by Civil Action No. 05-02866 (Consent Decree) filed August 17, 2012.

On June 20, 2013, PADEP issued an amendment to the Marcus Hook facility Title V permit - TVOP #23-00001 (Attached, see Section G – Miscellaneous) that addressed the disaggregation of this former Sunoco Marcus Hook refinery and the former Sunoco Philadelphia Refinery (now Philadelphia Energy Solutions) as it pertains to NSR and PSD.

Heater Firing Rate Increase Project - On August 31, 2012, Sunoco submitted a plan approval application to increase the firing rate of seven refinery heaters (Heater Firing Rate Increase Plan Approval) at the Philadelphia refinery. PES submitted a supplement to the original application on September 6, 2013. This application relied upon some of the ERCs generated from the shutdown of the Marcus Hook refinery. On February 19, 2014, the City of Philadelphia AMS issued Plan Approval No. 12195, which allowed the increase in firing rates and the use of the ERC as internal offsets for NANSR purposes for ozone. The net emissions increases, the ERCs relied upon in the application, and the remaining ERCs available to PES are shown in the attached "PES Emissions Reduction Credits 2-9-15.xlsx".

Furthermore, the Philadelphia refinery's current Title V Operating Permit No. V06-016 includes the following language in Section H regarding the emissions changes that occurred when the Marcus Hook and Philadelphia refineries were considered a single source (bold emphasis added):

In August 2012, certain air contaminant sources related to petroleum refining and located in Sunoco Inc.'s Marcus Hook refinery which were permitted under Title V operating permit No. 23-00001 (originally issued on November 18, 2008) and the air contaminant sources located in Sunoco's Philadelphia refinery which are permitted under Title V operating Permit No. V95-038 were determined to be a single facility for New Source Review (NSR), Prevention of Significant Deterioration (PSD) and Title V applicability purposes in accordance with a determination that the facilities were one source. As of July 6, 2013, after the change in ownership of both

Marcus Hook and Philadelphia refinery air contaminant sources as well as permanent surrender of crude refining capabilities at Marcus Hook, the two facilities are no longer considered a single facility. **However, PES continues to include emissions changes to air contaminant sources at the Marcus Hook refinery that occurred prior to July 6, 2013 for NSR, PSD, and Title V applicability purposes.**

Based on the above actions and timeline, and PES' understanding of the permit actions, PES recognizes that ERCs generated from the shutdown of the Marcus Hook refinery in August 2012 (less the net amount relied upon in the AMS 12195 Plan Approval) are available for future permitting activities including NANSR offsetting, trading with external parties, etc. for qualified projects at the PES Philadelphia Refinery.